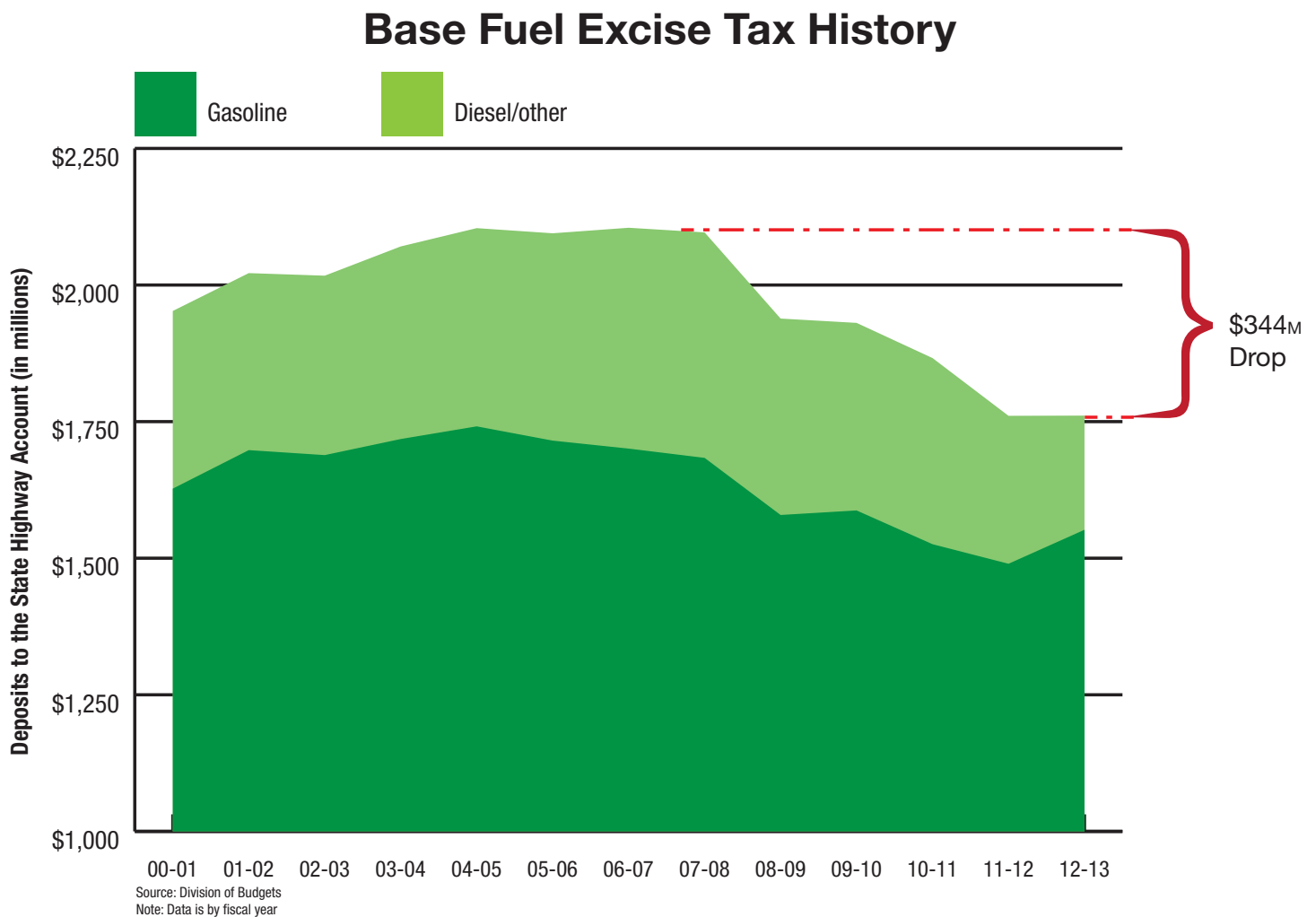


Revenues **Down** \$344 Million from 2006 Peak



Caltrans receives funding through multiple state and federal sources. The primary source for maintenance and operation of the state highway system is the base fuel excise tax. The excise tax, unlike many other taxes, is collected on each gallon of fuel sold. The revenue collected by the state from fuel taxes has increased over the last couple of decades, but 2006 was the peak year for fuel tax revenue. Since then, fuel tax funding has declined to levels not seen since 1996. The most drastic drop occurred in fiscal year 2008–09, concurrent with the beginning of the “Great Recession”—a time when people

drove less. Furthermore, vehicle emission and fuel efficiency standards have lowered fuel consumption and will likely continue the downward pressure on fuel tax funding. Even if people drive the same amount, vehicles require less and less fuel, which means less funding for transportation. While greater fuel efficiency means less air pollution, revenues are insufficient to address the needs of the state and local transportation systems. As available transportation funding decreases, difficult decisions must be made to prioritize maintenance and repair projects.